His Excellency
Mr. Iván Acosta Montalván
Minister of Finance and Public Credit
Ministry of Finance and Public Credit
Avenida Bolívar
Frente al Edificio de la Asamblea Nacional, 4to. piso
Managua, Nicaragua

Re: Republic of Nicaragua – Credit No. 5531-NI
Nicaragua Catastrophe Risk Insurance Project
Amendment No. 2 to the Financing Agreement

Excellency:

Please refer to the above-referenced Financing Agreement between the Republic of Nicaragua ("Recipient") and the International Development Association ("Association") dated July 11, 2014, as amended ("Financing Agreement"), for the above referenced Project. Please note that capitalized terms used in this letter ("Amendment Letter") and not defined herein have the meaning ascribed to them in the Financing Agreement. We also refer to the letter from the Ministry of Finance and Public Credit dated May 27, 2019 (Ref. No. MHCP-DM-E-0538-05-19) requesting an increase of the percentage of Expenditures to be financed under Category 2 of the above-mentioned Credit.

In view of the above and our recent discussions, the Association proposes to amend the Financing Agreement as follows:

1. The table under paragraph 2 of Section III.A of Schedule 2 to the Financing Agreement is hereby amended and replaced in its entirety to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Recipient’s entrance fee to participate in CCRIF, under Part 1 of the Project</td>
<td>720,165.35</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Recipient’s annual insurance premiums for participation in CCRIF, under Part 2 of the Project</td>
<td>7,079,834.65</td>
<td>100% for years 1, 2, 3 and 4 of the CCRIF insurance premiums as per the terms of the Insurance Agreement.</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>80% for year 5 and 70% for year 6 of the CCRIF insurance premiums as per the terms of the Insurance Agreement.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,800,000</td>
<td></td>
</tr>
</tbody>
</table>

Except as specifically amended in this Amendment Letter, all other terms and conditions of the Financing Agreement shall remain in full force and effect.

Please confirm your agreement with the foregoing amendment, on behalf of the Recipient, by signing, dating and returning to us the enclosed copy of this Amendment Letter. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. The provisions of this Amendment Letter shall become effective upon the receipt by the Association of a countersigned original of the Amendment Letter.

Please also note that the Restructuring Paper dated July 19, 2019 a copy of which is enclosed herewith, will be disclosed on the Association’s external website as per the Association’s policy on Access to Information.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Y. Seynabou Shako
Country Director
Central America Country Management Unit

AGREED:

REPUBLIC OF NICARAGUA

By: [Authorized Representative]

Name: Juan Acosta Montalvan

Title: Ministro de Hacienda y Crédito Público.

Date: 23 de julio de 2019

Enclosure